Procedure for recovery and accounting of premia due to the Life Insurance Corporation of India.

OFFICIAL MEMORANDUM

No. FD 14 ACP 58, DATED BANGALORE, THE 21ST AUGUST 1959
(SHRAVANA 30, SAKA ERA 1881).

The Life Insurance Corporation of India have brought to the notice of Government certain difficulties experienced and irregularities observed in the matter of accounting of premium recoveries from salaries of Government employees, in Treasuries and Drawing Offices (*vide* Annexure).

It is impressed on all Treasury Officers and Drawing Officers of Government that such irregularities should be avoided and delay in affording credit should be minimised. The following procedure should be followed by all Drawing Officers from 1st September 1959 :

(1) The Drawing Officers should maintain a register of policies held by their employees with (i) the Mysore Government Insurance Department—Public Branch, and (ii) the Life Insurance Corporation of India, and note therein every month the recovery made in respect of each of the policies. Separate columns may be provided for (i) and (ii).

(2) In the premium recovery statements attached to bills, correct policy numbers and premiums should be entered.

(3) Abstract Treasury Collection Statements should be sent promptly to the concerned Divisional Officers of the Life Insurance Corporation at Bangalore, Hyderabad and Udipi, as the case may be, along with the deduction statements by the Treasury Officers, in support of the R.T.Rs. or Cheques issued in favour of the Life Insurance Corporation.

(4) In Bank Treasuries, the concerned Banks will retain the deduction statements and send them to the Life Insurance Corporation of India in support of the bank credits.

(5) Separate statements should be prepared for the Mysore Government Insurance Department—Public Branch Policies and Life Insurance Corporation Policies in special forms prescribed for each of them and it should be ensured that these do not get mixed up. They should not also be mixed up with the Mysore Government—Official Branch Policies, accounted for in accordance with the Mysore Government Insurance Rules.

(6) Each policy held by an Official should be separately noted entering the corresponding premium recovery against that number in the deduction statement. On no account should premiums in respect of two or more policies be clubbed together and lumpsum entered in the statement.

(7) When a policy holder is transferred, the details of policy number and premium should be communicated to the Head of the Office to which he is transferred and the transfer should be advised to the concerned Divisional Officer of the Life Insurance Corporation.

(8) The references sent by the Life Insurance Corporation of India on the above subject should be promptly dealt with.

(9) The Inspecting Officers, should at the time of inspection of the Treasuries and departmental offices, see that the prescribed registers are maintained properly and all correspondence is answered promptly.

Attention is also invited to the O.M. No. 9983/B, dated 7th January 1957 and to Accountant-General's Circular No. TM/B/622, dated 6th November 1957 issuing instructions regarding recording of pay orders on bills presented at treasuries in respect of Life Insurance premia. (Copy annexed).

N. S. BHARATH,
Deputy Secretary to Government,
Finance Department (Budget).

ANNEXURE

1. Accounts are not being received every week as stipulated in the Government Order.

2. R.T.Rs. are not sent along with accounts. This is particularly so in respect of Ramanagaram and Anekal Treasuries.

3. R.T-R. advices are not being sent to the State Huzur Treasury by Treasuries. Hence R.T-Rs. are being returned to as in such cases involving correspondence with the Treasuries. The number of returned R.T.Rs. is about 50 to 60 per month.

4. Treasury schedules are not being correctly received by us. Total collections noted in schedules do not agree with individual entries with consequent delay in rectifying them.

5. Non-receipt of deduction statements along with accounts. When correspondence is made with the Treasuries, replies are either not at all received or delayed considerably. The Officer-in-charge, State Huzur Treasury, has been addressed in this behalf with no result.

6. The collections made at the Treasuries are not being promptly remitted to us. Some instances are given below :—

(*a*) in the case of Aland Sub-Treasury, we received accounts from August 1958 to June 1959 on 25th June 1959 along with an R.T.R.

(*b*) the Government Electric Factory has sent us the accounts for December 1958 to March 1959 but relative cheques have not been sent to us by the Officer-in-charge, S.H.T. Since the cheques have not been received, we cannot take the amount to the credit of the policy-holders and servicing is delayed.

7. The Treasury accounts are not being regularly received from North Kanara Treasuries (Haliyal, Kumta, Bhatkal and Honnavar, etc.). The detailed statement of recovery is sent by the Treasury very late and only after continued correspondence.

8. Treasuries very often do not detach the premium recovery statements from salary bills and they are sent away to the Accountant-General with salary bills for audit. It is filed there and it is an uphill task involving correspondence over a long time to get the recovery statement either from the Accountant-General or from the Drawing Officers.

9. Difficulties arising out of irregularities and incompletness of statements prepared by Drawing Officers :—

(*a*) O.M. 9983/B, dated 7th January 1957, prescribes that premium deduction statements should be prepared separately for (i) policies of Official Branch, and (ii) Policies of Public Branch and Policies issued by Life Insurance Corporation and that every policy number held by the policy holder should be separately shown with corresponding premiums. These are observed more in the breech. In fact in most cases only one of the several numbers held by an official are mentioned and not all the numbers while a lumpsum recovery is shown representing total premiums recovered. Certain registers were prescribed for maintenance by each Drawing Officer wherein policy numbers held by each official was entered and monthly recoveries were required to be posted. If such registers are continued to be maintained omissions and errors can be avoided and subsequent verification will be easy.

(*b*) A large number of errors creep in at the level of the Drawing Officers, policy numbers are quoted wrongly. Even premium amounts are wrongly recovered. Proper care is not being taken in copying policy numbers and premium amounts and the cumulative effect of these errors as time passes results in considerable labour, time and trouble in adjusting recoveries to the proper policy accounts and in several cases protracted correspondence has to be undertaken to rectify errors.

(*c*) Very often the totals entered in the recovery statements and included in the Treasury Schedules do not tally with the amount to which the individual recoveries total up and this results in a large number of policy accounts being kept incomplete until these errors are set right after protracted correspondence.

(*d*) Transfers from one office to another are never advised to the Life Insurance Corporation and in view of the errors that creep into the statements, it is becoming very difficult to account and adjust a large part of the collections.

(*e*) All these result in the swelling of deposits and suspense items, which we find very difficult to reduce.

N. S. BHARATH,
Deputy Secretary to Government,
Finance Department (Budget).

Copy of letter No. TM/B/622, dated 6—11th November 1957, from the Accountant-General, Mysore, Bangalore, addressed to all the Deputy Commissioners, Treasury Department.

Subject.—**Pay Orders on Bills by Treasuries—Deductions on account of Life Insurance Premia.**

It is observed that while making pay orders on bills by Treasury Officers no uniform procedure is being followed in respect of deductions on account of Life Insurance premia to be recovered from Government servants.

In this connection a reference is invited to sub-paragraphs 2 (ii) and 2(iii) of Government of Mysore, Finance Department, Government Order No. 30 ACP 57, dated 20th April 1957. As laid down therein although deductions on account of premia need not appear in the body of the bill, to avoid unnecessary handling of cash, the Drawing Officers are required to make endorsements on pay bills themselves after receipting the contents as follows :—

"Pay Rs..... in cash.

Pay Rs..... to the Credit

of the Life Insurance Corporation of India (Detailed Statement enclosed)."

Non-bank treasuries will adjust such amounts by transfer credit to the deposit account of the Corporation held in the name of the Treasury Officer and furnish a certificate of credit to the Drawing Officer.

At Bank Treasuries, except the State Huzur Treasury, such credits will be taken to the credit of the Corporation direct and a certificate of credit issued by the Bank. Such credits will not appear in the Treasury Accounts.

In regard to the State Huzur Treasury, however, the procedure of adjustment will be the same as that followed by non-Bank treasuries as the Reserve Bank of India does not keep an account of the Corporation.

In respect of premia relating to policies of the Official Branch of the State Government Insurance Department, the existing procedure of deduction from pay bills will continue without any change. The Treasury Officers shall see that credits in respect of premia on policies of the Official Branch of the State Government Insurance Department which will always be by adjustment in the Books of the Audit Office, are not mixed up with the premia collected on Public Branch Policies of the Life Insurance Corporation of India.

It will be seen from the above that the Treasury Officers are required to issue two pay orders—one for the net amount payable in cash to the Drawing Officer and the other for payment by transfer credit to the Life Insurance Corporation.

It is, therefore, requested that the District and Taluk Treasury Officers in your District may be instructed to follow the correct procedure outlined above in future, if they are not already following the same.

B. VENKATARAMAN,
Deputy Accountant-General.

T. K. RANGARAJA IYENGAR,
Under Secretary to Government,
Finance Department (Budget).

Continuance of the System of deductions from the pay bills of premia on the policies of the Life Insurance Corporation of India.

READ—

1. Government Order No. FD 30 ACP 57, dated 20th April 1957.
2. Government Order No. FD 14 ACP 58, dated 13th March 1959.
3. Government Order No. FD 14 ACP 58, dated 8th April 1959.
4. Government Order No. FD 14 ACP 58, dated 25th June 1959.

PREAMBLE—

The present sanction for permitting deductions from salary and establishments bills on account of the premia of the policies of the Life Insurance Corporation of India held by the employees of the Mysore State will expire on 31st August 1959. The question of continuing the present arrangement beyond that date was discussed at a meeting by the Finance Minister with the representative of the Life Insurance Corporation of India, the representative of the Mysore Government Life Insurance Department and that of the Bank of Mysore. It was decided that the existing procedure should be continued further.

ORDER No. FD 14 ACP 58, DATED BANGALORE, THE 21ST AUGUST 1959 (SHRAVANA 30, SAKA ERA 1881).

Government direct that the present arrangement be continued till the end of March 1960. Separate instructions are being issued to the Treasury Officers and Heads of Departments pointing out the common irregularities that are being committed and steps to be taken to avoid such irregularities in future.

2. As already laid down in Government Order No. FD 14 ACP 58, dated 8th April 1959, cash payment of insurance premia in the Treasuries should be accepted only in respect of old Mysore Government Insurance Department policies (and not in respect of other policies of the Life Insurance Corporation of India).

By Order and in the name of the Governor of Mysore,

N. S. BHARATH,
Deputy Secretary to Government,
Finance Department (Budget).

CHIEF SECRETARIAT

Re-organisation of the Efficiency Audit and Anti-Corruption Department, and Machinery to deal with the representations to Government.

ORDER No. GAD 43 BAC 59, DATED BANGALORE, THE 10TH AUGUST 1959 (SHRAVANA 19, SAKA ERA 1881).

At present, a large number of representations received by the Government from the public are referred to the officer concerned for enquiry and report. This procedure results in overcentralisation and clogs the whole Government machinery. Owing to the large number of these representations and the time taken for investigation, the disposal is not as speedy as would be desirable. In order to give quick relief to the aggrieved members of the public, a suitable machinery has to be devised for this purpose.

2. The representations which contain complaints regarding corruption are referred to the Special Officer, Efficiency Audit and Anti-Corruption, for investigation. Apart from this, the Efficiency Audit Department is also expected to inspect the subordinate offices of the various Departments and to suggest improvements in their method of working.

3. In order to speed up the work in connection with the investigation into the representations from the public and to ensure quick disposal of the allegations about corruption, the Government have decided to re-organise the Department of Efficiency Audit and Anti-Corruption with a decentralised divisional set-up.

4. Henceforth, the Special Officer, Efficiency Audit and Anti-Corruption, will be called the Director, Efficiency Audit and Anti-Corruption, and the department as the "Directorate of Efficiency Audit and Anti-Corruption".